UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

UAB "PLANNER5D",

Plaintiff,

v.

FACEBOOK, INC., et al.,

Defendants.

Case No. 19-cv-03132-WHO

ORDER DENYING JOINT MOTION TO DISMISS COPYRIGHT CLAIMS

Re: Dkt. No. 105

The Copyright Office rejected plaintiff UAB Planner 5D's ("Planner 5D") application to register its alleged works. Planner 5D then filed this infringement action. There is no dispute that exhaustion of remedies was not required for Planner 5D to do so; the pre-suit registration requirement under the second sentence of 411(a) of the Copyright Act, which authorizes suit when a "registration has been refused," was satisfied at that point. 17 U.S.C. § 411(a).

Almost three months after filing this infringement action, Planner 5D timely requested reconsideration from the Copyright Office of its registration refusals by following the administrative procedures outlined in 37 C.F.R. § 202.5. Planner 5D is required to exhaust those procedures if it chooses to challenge a registration refusal in federal court under the Administrative Procedure Act ("APA"). But as a result of Planner 5D's pursuing reconsideration, defendants Facebook, Inc., Facebook Technologies, LLC, (collectively "Facebook") and The Trustees of Princeton University's ("Princeton") contend that this infringement action is premature until a final decision is rendered by the Copyright Office. They move to dismiss the copyright infringement claims that were initially procedurally proper because, in their view, satisfaction of section 411(a) was nullified by Planner 5D's subsequent decision to seek reconsideration of the registration refusals. Joint Motion to Dismiss the Complaint for Copyright Infringement ("MTD")

[Dkt. No. 105].

It is clear that exhaustion of the administrative review procedure within the Copyright Office is required before a party can challenge a registration refusal through an APA action. But the Copyright Act is silent about whether finality is required before Planner 5D can maintain an infringement action, and there is no caselaw on point. Based on the text of the Copyright Office's refusal to register Planner 5D's applications, the guidance in the Compendium of U.S. Copyright Office Practices, a treatise on copyright law and a balancing of interests of the parties and the institutional interests of the Copyright Office, I conclude that Planner 5D has met the prerequisites to proceed with this infringement action in federal court. The motion to dismiss is DENIED.

BACKGROUND

The allegations underlying Planner 5D's copyright infringement and trade secret misappropriation claims against Facebook and Princeton are detailed in my previous orders. *See UAB "Planner 5D" v. Facebook, Inc.* ("*Planner 5D I*"), No. 19-CV-03132-WHO, 2019 WL 6219223 (N.D. Cal. Nov. 21, 2019); *UAB "Planner5D" v. Facebook, Inc.* ("*Planner 5D II*"), No. 19-CV-03132-WHO, 2020 WL 4260733, at *1 (N.D. Cal. Jul. 24, 2020). The trade secret misappropriation claims were sufficiently pleaded in Planner 5D's First Amended Complaint and are not at issue in the motion before me. *Planner 5D II*, 2020 WL 4260733, at *9.

With respect to the copyright infringement claims, Planner 5D's original Complaint failed to allege that it met the threshold registration requirement of section 411(a). I gave Planner 5D the choice to either sufficiently allege that its works are non-United States works that are exempt from registration or dismiss this suit and bring another suit after registering with the Copyright Office. *Planner 5D I*, 2019 WL 6219223, at *7.[1] Planner 5D chose to do that latter. It submitted two registration applications to the Copyright Office and, on December 20, 2019, obtained

[1] Planner 5D was also given leave to explain "the originality or creativity of the objects, scenes, and compilations of objects and scenes" and "that copyrightable elements were copied." *Planner 5D I*, 2019 WL 6219223, at *1. On amendment, Planner 5D insufficiently alleged an original selection or arrangement for its copyright claim in the alleged compilation of objects, and that portion of its copyright claim was dismissed with prejudice. *Planner 5D II*, 2020 WL 4260733, at *6. Defendants do not challenge the substance of Planner 5D's copyright allegations in the

registrations for "Planner 5D objects" and "Planner 5D scenes" for works completed and published in 2019. It subsequently filed Case No. 20-cv-2198 with a single count for infringement of those two copyrights.

I dismissed Planner 5D's copyright infringement claims again because the alleged works were from 2016 and had not been registered. I could not conclude that the copyright registrations Planner 5D obtained for works completed and published in 2019 covered the alleged works from 2016. I gave Planner 5D leave to fix that discrepancy. *Planner 5D II*, 2020 WL 4260733, at * 4–5.

On September 14, 2020, Planner 5D submitted two new applications to the Copyright Office, seeking to register all Planner 5D objects created through January 13, 2016 and all public gallery scenes created through February 17, 2016. *See* Copyright Complaint ("Copyright Compl.") [Dkt. No. 1] in Case No. 20-cv-8261-WHO, ¶ 96. On November 16, 2020, the Copyright Office refused each of the applications. It wrote:

> Although the Registration Program Office has concluded that the deposits submitted with these applications do not meet the requirements for registering a work as a computer program you have delivered to the Office a deposit, application, and fee required for registration of the computer programs 'in proper form,' as required to institute a civil action for infringement under 17 U.S.C. § 411(a).

Id., Ex. A (November 16, 2020 Copyright Office Letter) at 2; *id.* ¶ 102. In the next paragraph, it indicated that Planner 5D could also timely request reconsideration of the refusals by following the procedures outlined in 37 C.F.R. § 202.5. It did not condition its conclusion about section 411(a) on whether Planner 5D requested reconsideration of the refusals.

The pertinent regulation states that copyright owners who are refused registration may request, within three months, reconsideration from the Copyright Office Registration Program. 37 C.F.R. § 202.5(b). A Registration Program staff attorney not involved in the initial examination conducts a *de novo* review. *See* Compendium of U.S. Copyright Office Practices § 1703.2 (3d ed. 2021), *available at* https://www.copyright.gov/comp3/docs/compendium.pdf. If the refusal is maintained, the regulations provide that Planner 5D may request a second reconsideration from the Copyright Office Review Board ("Board"), which consists of the Register of Copyrights and the

General Counsel (or their designees), and a third member designated by the Register. 37 C.F.R. § 202.5(f). The second request for reconsideration is also subject to *de novo* review. *See* Compendium of U.S. Copyright Office Practices § 1704.2. Decisions by the Board are nonprecedential and constitute final agency action, and denials can be challenged under the APA. 37 C.F.R. §§ 202.5(c), (g).[2]

On November 23, 2020, Planner 5D filed its third copyright complaint in Case No. 20-cv-8261. *See* Copyright Compl. After stipulating to an extension on their response deadline and based on Planner 5D's representation that it planned on seeking reconsideration with the Copyright Office before the February 16, 2021 deadline, defendants moved to dismiss the Copyright Complaint on February 2, 2021. *See* MTD 7. On February 16, 2021, Planner 5D submitted a request to the Copyright Office to reconsider its initial registration refusal. *See* Declaration of Marc N. Bernstein in Opposition to Motion to Dismiss ("Bernstein Decl.") [Dkt. No. 107-1] ¶ 3.

LEGAL STANDARD

Under Federal Rule of Civil Procedure 12(b)(6), a district court must dismiss a complaint if it fails to state a claim upon which relief can be granted. To survive a Rule 12(b)(6) motion to dismiss, the plaintiff must allege "enough facts to state a claim to relief that is plausible on its face." *See Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). A claim is facially plausible when the plaintiff pleads facts that "allow the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *See Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)

[2] Planner 5D contends that the reconsideration process is lengthy, averaging about 17 months long in the last few years. *See* Declaration of Natalia Ermakova in Opposition to Motion to Dismiss [Dkt. No. 107-2]. It seeks judicial notice of the chart it compiled on average reconsideration processing time using information from the Copyright Office's online database of Review Board Opinions. *Id.*, Ex. A; Planner 5D's Request for Judicial Notice in Support of its Opposition to Motion to Dismiss [Dkt. No. 108]. Defendants oppose on grounds that the chart is not a public document or government record, and further point out some inaccuracies on how Planner 5D calculated the reconsideration processing times. *See Abbas v. Vertical Ent., LLC*, No. 2:18-cv-7399, 2019 WL 6482229, at *1 (C.D. Cal. Aug. 19, 2019) (taking judicial notice of Copyright Office records, but not "comparison charts that Defendants claim were created from materials obtained from the Copyright Office"). Planner 5D's request for judicial notice is DENIED. While I will not consider Planner 5D's chart, I will consider the official Copyright Office records cited

(citation omitted). There must be "more than a sheer possibility that a defendant has acted unlawfully." *Id.* While courts do not require "heightened fact pleading of specifics," a plaintiff must allege facts sufficient to "raise a right to relief above the speculative level." *See Twombly*, 550 U.S. at 555, 570.

DISCUSSION

Section 411(a) of the Copyright Act provides that "no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made" with the Copyright Office. 17 U.S.C. § 411(a). "In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights." *Id.*

The parties agree that section 411(a) permits a plaintiff to institute an infringement action after one of two things happen—a "registration of the copyright claim has been made" or "has been refused." 17 U.S.C. § 411(a). In other words, the statute creates two tracks for pursuing an infringement action in federal court—a "registration grant" track under the first sentence of section 411(a) and a "registration refusal" track under the second sentence of section 411(a). This case concerns the second track.

The parties dispute whether Planner 5D can commence an infringement action based on an initial refusal determination while simultaneously asking the Copyright Office to reconsider those very refusals. In defendants' view, if Planner 5D brought this infringement action based on the registration refusals, without seeking reconsideration from the Copyright Office, then the second sentence of section 411(a) would be satisfied. MTD 3. But because Planner 5D is now seeking reconsideration of the registration refusals, defendants contend that section 411(a) will not be properly satisfied until after the Copyright Office rules on the request for reconsideration. *Id.*

Neither party has cited other examples of a copyright plaintiff attempting to litigate an infringement claim on the basis of a refused application while its request for reconsideration is pending. That is to be expected given the unique posture of this case: the vast majority of

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